HOUSING MARKET INFORMATION

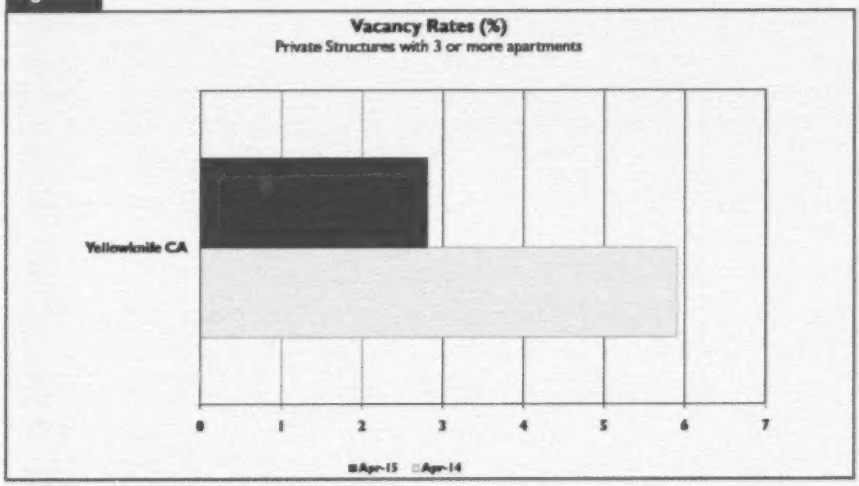
RENTAL MARKET REPORT

Yellowknife Highlights*

CANADA MORTGAGE AND HOUSING CORPORATION

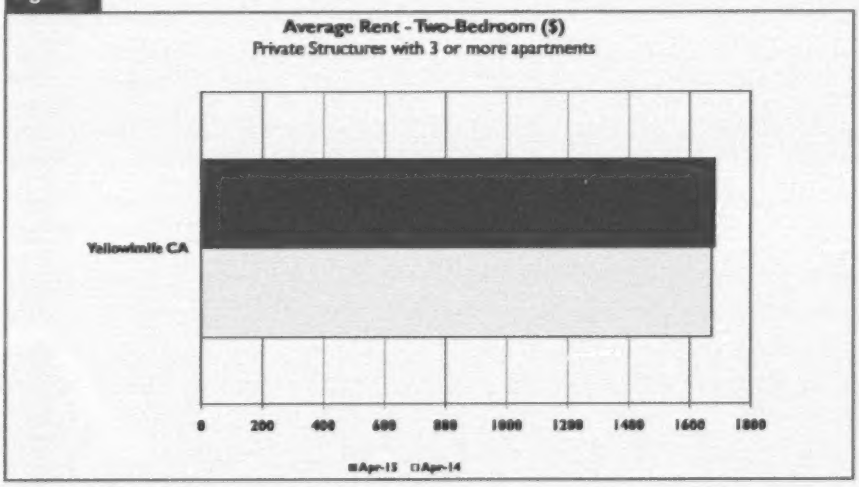
Date Released: Spring 2015

Figure 1



Source: CMHC Rental Market Survey

Figure 2



Source: CMHC Rental Market Survey

*Urban centres with a population of 10,000 + are included in the survey

Vacancy Rates Decreased in Yellowknife

- The apartment vacancy rate in Yellowknife was 2.8 per cent in April 2015, a decrease from 5.9 per cent in April 2014.
- In April 2015, the average rent for a two-bedroom apartment in Yellowknife was $1,682 per month.
- For units common to both the April 2014 and April 2015 surveys, the average rent for a two-bedroom apartment decreased 1.6 per cent.
- The rental apartment universe in Yellowknife increased to 1,630 units in April 2015 from 1,584 in April 2014.

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Apartment Vacancies Decreased in 2015

According to the results of Canada Mortgage and Housing Corporation's (CMHC) April 2015 Rental Market Survey[1], the overall apartment vacancy rate[2] was 2.8 per cent in Yellowknife, a decrease from 5.9 per cent in April 2014. Across bedroom types, bachelor units were the only type of unit to see an increase in the vacancy rate between April surveys. The vacancy rate for bachelor units rose from three per cent in April 2014 to 9.3 per cent in April 2015. However, it should be noted that with 42 bachelor units comprising less than three per cent of Yellowknife's total rental universe, a few additional vacant units can have a large impact on the vacancy rate in this bedroom type category. The most common rental apartment units in Yellowknife are two-bedroom apartments, which comprise approximately 48 per cent of the rental apartment universe. The vacancy rate for two-bedroom apartments declined from 7.4 per cent in April 2014 to 3.6 per cent in April 2015, which drove the reduction in the overall apartment vacancy rate in April 2015. For one-bedroom apartments, which are the next most common unit type, the vacancy rate declined to two per cent in April 2015 from 4.8 per cent in April 2014. Finally, three-bedroom plus apartment units had a zero per cent vacancy rate in April 2015.

Economic Growth Helped to Support Rental Demand

The economy of the Northwest Territories (NWT) has yet to fully recover to the level prior to the global economic downturn in 2009. Mining is a key driver of the economy, and thus commodity price cycles affect the pace of economic growth in the NWT. In 2014, diamond mining increased by 21 per cent and construction increased by 22 per cent contributing to a 6.8 per cent rate of growth in NWT's real Gross Domestic Product (GDP)[3]. As well, construction of a new diamond mine and new highways led to increased activity in the NWT. Construction workers on large projects helped to support rental demand in Yellowknife.

Average weekly earnings have been trending higher over the past year supporting rental demand. At the same time, higher vacancies in the recent past caused landlords to reduce rents as evidenced in the decline in same sample rents. Combined, these factors have helped put downward pressure on vacancy rates.

Despite the uptick in GDP, the overall employment level in the NWT declined in April 2015 on a year-over-year basis by a total of 600 persons, all of which were full-time positions. With the number of jobs declining, net-migration in the NWT posted outward flows of 832 people in 2014.

The rental apartment universe expanded to 1,630 units in April 2015 from 1,584 units in April 2014, a net increase of 46 units. This represents the first increase in the apartment rental market universe for an April Rental Market Survey in Yellowknife since April 2008. Renovation of existing apartment units partly explains the expansion of the universe witnessed since April 2014 as the number of newly renovated apartments returned to the market outpaced the number removed from the market in order to undergo repair. In addition, 27 newly constructed rental apartment units[4] were completed, further expanding Yellowknife's apartment universe.

Same Sample Rents Declined Slightly

Based on units common to both the 2014 and 2015 April surveys[5], overall apartment rents declined by 0.5 per cent in April 2015 on a year-over-year basis. One-bedroom apartment same sample rents moved counter to other unit types, recording a 1.7 per cent increase in April 2015 from the previous year. The overall decrease in same sample rents was driven by two and three-bedroom apartments, which declined by 1.6 per cent and 1.3 per cent, respectively. The change in same sample rents for bachelor apartments was not significant.

[1] Due to seasonal factors, the results of the April 2015 Rental Market Survey are not directly comparable with the results from the October 2014 Rental Market Survey.

[2] The survey is based on privately-initiated rental apartment structures of three or more units.

[3] Statistics Canada. Table 379-0030 - Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories, annual (dollars), CANSIM (database).

[4] Social housing units excluded from this analysis

[5] Year-over-year comparisons of average rents can be slightly misleading because rents in newly built structures tend to be higher than in existing buildings. Excluding new structures and focusing on structures existing in both the April 2014 and April 2015 surveys provides a better indication of actual rent increases paid by tenants.

Average Rents in Yellowknife

The average two-bedroom apartment rent in Yellowknife, which includes both new and existing structures, was $1,682 in April 2015. Three-bedroom plus apartment units rented for an average of $1,802 per month in April 2015. The average rent for one-bedroom units was $1,411 monthly, while for bachelor units the average monthly rent was $1,145. The overall average monthly rent for all apartment units was $1,567 in April 2015.

1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Yellowknife

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15
Yellowknife CA	3.0 a	9.3 a ↑	4.8 b	2.0 b ↓	7.4 b	3.6 b ↓	3.7 c	0.0 c ↓	5.9 b	2.8 a ↓

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase
↓ indicates the change is a statistically significant decree
- indicates that the change is not statistically significant

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Yellowknife

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15
Yellowknife CA	1,159 a	1,145 a -	1,391 a	1,411 a -	1,672 a	1,682 a -	1,834 a	1,802 a -	1,554 a	1,567 a -

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Yellowknife

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15
Yellowknife CA	41	42	658	661	743	779	142	148	1,584	1,630

** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Yellowknife

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15	Apr-14	Apr-15
Yellowknife CA	3.0 a	15.2 a ↑	5.0 b	2.5 b ↓	10.6 c	4.7 b ↓	4.6 c	0.0 c ↓	7.5 b	3.6 b ↓

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

↑ indicates the year-over-year change is a statistically significant increase
↓ indicates the change is a statistically significant decree
- indicates that the change is not statistically significant

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type Yellowknife

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Apr-13 to Apr-14	Apr-14 to Apr-15	Apr-13 to Apr-14	Apr-14 to Apr-15	Apr-13 to Apr-14	Apr-14 to Apr-15	Apr-13 to Apr-14	Apr-14 to Apr-15	Apr-13 to Apr-14	Apr-14 to Apr-15
Yellowknife CA	++	++	-1.3 d	1.7 c	++	-1.6 c	3.0 b	-1.3 a	++	-0.5 b

[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
n/u: No units exist in the universe for this category n/s: No units exist in the sample for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.
The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

Use caution when comparing changes in statistics from one year to the next. Even if there is a year over year change, it is not necessarily a statistically significant change. These tables include indicators to help interpret changes. ↑ indicates the year-over-year change is a statistically significant increase, ↓ indicates the year-over-year change is a statistically significant decrease, while – indicates that the effective sample does not allow one to interpret any year-over-year change as being statistically significant.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

Data presented in this publication is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, and building superintendents throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

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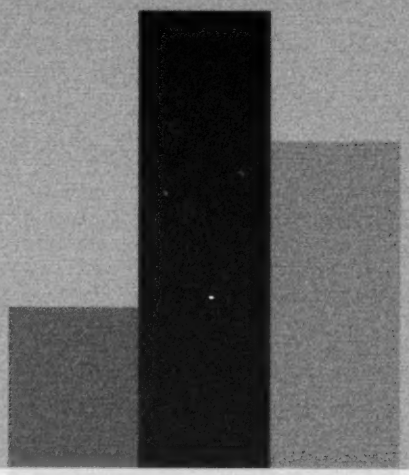

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